



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

June 5, 2012

Efficiency Review of the Cleveland, OH Processing and Distribution Center

Report Number NO-AR-12-005

IMPACT ON:

Mail processing operations at the Cleveland Processing and Distribution Center (P&DC) located in the Northern Ohio District in the Eastern Area.

WHY THE OIG DID THE AUDIT:

We identified the Cleveland P&DC as having substantial potential for savings through improved efficiency. Our objective was to assess the efficiency of the Cleveland P&DC mail processing operations. To maximize efficiency, the goal is to process mail with the least amount of resources and still achieve service time frames.

WHAT THE OIG FOUND:

While the Cleveland P&DC made significant progress in increasing productivity during the past several years, further opportunities exist for improvement. Specifically, the Cleveland P&DC did not attain the efficiency achieved by other large P&DCs or take full advantage of existing automation. Increasing operational efficiency at the Cleveland P&DC by reducing 352,388 mail processing workhours could produce a cost avoidance of over \$11 million in labor savings per year.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Eastern Area Operations, reduce workhours to produce an annual cost avoidance of over \$11 million , or

increase mail volume by 377 million mailpieces through consolidation with another facility, or a combination of both factors. We also recommended the vice president periodically evaluate operating efficiency and staffing at the Cleveland P&DC to determine whether further workhour adjustments are necessary based on workload. Additionally, we recommended the Cleveland P&DC maximize the utilization of automated equipment, improve supervision of employees, and train employees to properly color-code Standard Mail®.

WHAT MANAGEMENT SAID:

Management agreed with the recommendations and plans to consolidate other plants into the Cleveland P&DC, increasing both efficiency and equipment utilization. In addition, management will continue to monitor efficiency and realign supervisors. Management has completed color-code training and is conducting daily reviews.

AUDITORS' COMMENTS:

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.